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RUEHZP/AMEMBASSY PANAMA PRIORITY 3700
RUEHQT/AMEMBASSY QUITO PRIORITY 8307
RUEHC/DEPT OF LABOR WASHDC PRIORITY
RUEAWJC/DEPT OF JUSTICE WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
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SUBJECT: BANANA-SECTOR NEGOTIATIONS CONCLUDE POSITIVELY

REF: A. BOGOTA 8652
[1](#)B. BOGOTA 5488
[1](#)C. BOGOTA 3618
[1](#)D. BOGOTA 1442
[1](#)E. BOGOTA 1751

SUMMARY

[1](#)1. (U) A strike that paralyzed banana exports for 13 days concluded on May 20 with an agreement to increase workers' salaries by 8% in the first year of a new collective bargaining agreement, and by the change in the local Consumer Price Index (CPI) in the second. Approximately 18,000 workers participated in the strike, which was notable for its lack of violence and threats against unionists. Labor hailed the agreement as a victory, while banana companies characterized it as mutually strengthening. The National Union School (ENS) said the banana sector is a model of social dialogue that other industries should emulate. End Summary

COLLECTIVE BARGAINING SANS VIOLENCE

[1](#)2. (U) Banana worker's union SINTRAINAGRO and banana producing companies represented by the trade group AUGURA signed a new, sector-wide collective bargaining agreement ending a 13-day strike by 18,000 workers on 296 plantations in Uraba. The strike and negotiating process remained free of the violence, threats, and intimidation that accompanied previous banana strikes. According to the National Union School (ENS), illegal armed groups killed more than 800 unionists in Uraba over the past 25 years, and lawsuits against Chiquita and Dole for allegedly making extortion payments to armed groups also attest to the region's violent history (reftels). Still, ENS told us that the banana industry now represents a model of social dialogue and decent work that other industries in the region should emulate.
[1](#)3. (U) During the strike, both sides negotiated behind the scenes to close the gaps in their bargaining positions--mainly regarding salary increases. SINTRAINAGRO lifted the strike once they settled on the following formula: a first-year salary increase of 8% (\$1 more per day, per worker) and a second-year increase equivalent to the change in the local CPI. SINTRAINAGRO conceded to a two-year collective bargaining agreement instead of the usual three, and AUGURA agreed to provide \$1.5 million in housing funds and \$270,000 in education funds to the union. AUGURA also agreed to pay each worker \$56 in back-pay and to provide equivalent amounts in loans. AUGURA spokesperson, Luis

Alberto Sanin, voiced satisfaction with the agreement because it "strengthens both sides," while SINTRAINAGRO President Guillermo Rivera Zapata hailed it as a victory for workers.

CONTROVERSY OVER ASSOCIATED WORKER COOPERATIVES (AWC)

¶4. (U) Rivera said SINTRAINAGO also succeeded in beating back AUGURA's proposals to introduce AWCs--an ongoing source of tension in labor relations--into the sector. Many private sector leaders support replacing the collective contract system and unions with a more flexible AWC system, which they argue is necessary to remain competitive. Rivera noted that AWCs are treated differently than unions under Colombian labor law, and their use tends to cut companies' labor costs. Labor leaders describe AWCs as a tool to undermine unions by replacing workers who have employment contracts and associated collective bargaining rights with AWC members who are legally restricted from joining unions and, by extension, negotiating for better pay and benefits (see reftel E).

ECONOMIC IMPACT OF THE STRIKE

¶5. (U) ENS and SINTRAINAGRO told us that the strike prevented the sale of approximately 4.5 million crates of bananas (valued at \$32.5 million) and caused workers to forfeit a combined \$2.7 million in salaries. Colombia's banana sector generates 37,000 direct jobs and 111,000 indirect jobs, mainly in the Uraba and Magdalena regions. Bananas represent 30% of non-coffee agricultural exports, competing for second place with cut flowers. Bananas cover 1.5% of cultivated land and represent 6.3% of agricultural GDP. About 80% of exported bananas go to the United States and Europe.
Brownfield